

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /128 W
-----080621 131117Z /15

R 111600Z AUG 78

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC 1518

INFO AMEMBASSY BRAZZAVILLE

AMEMBASSY YAOUNDE

AMCONSUL DOUALA

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E.O. 11652: NA

TAGS: ENRG, GB

SUBJECT: GULF OIL RETRENCHING IN GABON

REF: (A)LIBREVILLE 2006 (B)LIBREVILLE 1869

1. EMBOFF WAS GULF OIL DIRECTOR EARL WISNER EARLY IN WEEK
AND WAS TOLD THAT ARRANGEMENTS ARE PROCEEDING FOR DISPOSITION
OF SOME OF GULF'S INTERESTS IN GABON. APPROVAL WAS GRANTED
DURING PARIS MEETING LAST WEEK FOR PROPOSED SALE OF CERTAIN
INTERESTS, AND GULF SUBMITTED LETTER OUTLINING THOSE PROPOSALS
TO MINISTER OF MINES ON AUGUST 7. MINISTERIAL APPROVAL IS
EXPECTED WITHIN SHORT TIME, FOLLOWED BY ISSUANCE OF PRESIDENTIAL
DECREE.

2. ACCORDING TO WISNER, TWO PERMITS ARE INVOLVED: G4-39
(LIBREVILLE) AND G4-40 (IGUELA-MAYUMBA). IN LIBREVILLE PERMIT
SHELL AND ELF WILL ASSUME 50 PERCENT INTEREST EACH, WITH ELF
AS OPERATOR. GULF RETAINS NO INTEREST, WHICH WISNER PERSONALLY
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REGRETS SINCE GEOLOGICALLY THIS AREA LOOKS VERY PROMISING.
ELF WILL DRILL TWO WELLS IN LIBREVILLE PERMIT.

3. DISPOSITION OF INTERESTS IN IGUELA-MAYUMBA IS MORE COMPLICATED,
AS THIS PERMIT IS NOW DIVIDED INTO AREAS KNOWN AS GMF/WEST
AND GMF/EAST, BRINGING TOTAL TO SIX. IN GMF/WEST SECTOR,
INTERESTS ARE APPORTIONED AS FOLLOWS: ELF, 65 PER CENT; SHELL

15 PER CENT; HISPANOIL, 10 PER CENT; AND GULF, 10 PER CENT. IN GMF/EAST SECTOR INTERESTS ARE ELF, 25 PERCENT; SHELL, 30 PER CENT; HISPANOIL, 20 PERCENT; AND GULF RETAINING 25 PERCENT. IN THIS SECTOR SHELL AND HISPANOIL HAVE OPTION OF CEDING PORTION OF THEIR INTERESTS TO ELF. IN ENTIRE IGUELA-MAYUMBA AREA, ELF HAS CONTRACTED TO DRILL FIVE WELLS, ONE IN EAST BLOCK, ONE IN WEST, AND THREE IN BLOCK GMB/GMC IN WHICH GULF WILL RETAIN 40 PER CENT INTEREST.

4. IN LUCINA PERMIT, G5-28, GULF WILL RETAIN A 30 PER CENT SHARE, AND ELF WILL DRILL SECOND WELL FOR GULF IN EASE SECTOR. TOTAL INVESTMENT PROPOSED FOR THIS PERMIT ALONE IS \$35 MILLION, WITH \$10 MILLION TO BE EXPENDED OVER THE NEXT TWO YEARS.

5. THERE HAS BEEN NO CHANGE IN RELATIONSHIP BETWEEN GULF AND ELF IN BANIO PERMIT, G4-63.

6. STILL IN DISCUSSION STAGES IS POSSIBILITY THAT AMOCO WILL PAY GULF'S SHARE OF COSTS OF DRILLING ONE, POSSIBLY TWO WELLS IN IGUELA WEST BLOCK OF PERMIT G4-40, IN RETURN FOR 15 PER CENT OF GULF'S INTEREST IN FIRST WELL AND 10 PER CENT IN SECOND. GULF MAY DRILL WELLS ON OWN LATER THIS YEAR OR IN EARLY 1979 IF ARRANGEMENT WITH AMOCO DOES NOT WORK OUT. ELF, HOWEVER, IS REPORTEDLY INTERESTED IN THIS PARTICULAR BLOCK.

7. ACCORDING TO WISNER, FACT THAT MORE WELLS WILL BE DRILLED UNDER THIS PLAN THAN WERE CALLED FOR UNDER EARLIER CONTRACTS LIMITED OFFICIAL USE

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SHOULD BE ADDED INCENTIVE FOR MINISTER OF MINES TO APPROVE NEW DIVISION OF GULF'S INTERESTS.

8. WISNER STRESSED THAT GULF IS MERELY DISPOSING OF SOME OF ITS INTERESTS IN GABON AND IS NOT REPEAT NOT COMPLETELY WITHDRAWING. SUBSTANTIAL INTERESTS REMAIN AND IN SOME CASES GULF WILL HAVE OPTION OF COMING BACK INTO CERTAIN PERMIT AREAS WHICH ARE BEING DISPOSED OF UNDER PRESENT ARRANGEMENTS.

9.COMMENT: IT IS CLEAR FROM ABOVE THAT GULF HAS COME TO SATISFACTORY ARRANGEMENT WITH ELF (LIBREVILLE 1869) WHICH WILL ASSUME MAJOR PART OF GULF'S COMMITMENTS IN GABON. INDEED IN SEPERATE CONVERSATION, MAURICE TEMPELSMAN, OF LEON TEMPELSMAN AND SON, TOLD AMBASSADOR AUGUST 7 THAT HE JUST LEARNED IN PARIS THAT 20 PER CENT OF ELF'S TOTAL OVERSEAS INVESTMENT IS NOW IN GABON, ALTHOUGH IT IS NOT CLEAR WHETHER THIS INCLUDED NEW COMMITMENTS ASSUMED FROM GULF. TIENKEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LIBREV02216
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780331-0414
Format: TEL
From: LIBREVILLE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780874/aaaackcw.tel
Line Count: 111
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a7d7f264-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 LIBREVILLE 2006, 78 LIBREVILLE 1869
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1770084
Secure: OPEN
Status: NATIVE
Subject: GULF OIL RETRENCHING IN GABON
TAGS: ENRG, GB
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a7d7f264-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014